PATINO, N.V.
1976
ANNUAL REPORT

Patiño, N.V.

Directors and Officers

Antenor Patiño R., *Chairman of the Board, Director*
Jaime Ortiz-Patiño, *Deputy Chairman of the Board, Director*
Patrick J. Keenan, C.A., *President and Chief Executive, Director*
Daniel Azéma, *Director*
Marco P. Bloemsma, *Director*
Pierre M. Haas, *Director*
Stephen P. Ogryzlo, Vice-President, Director
George Ortiz P., *Director*
Jean Van der Spek, *Director*

William A. Thompson, C.A., *Secretary-Treasurer*
Stephen H. Challen, A.C.A., *Assistant Treasurer*
A. Winn Oughtred, *Assistant Secretary*

Head Office

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Bankers

Bank of Montreal
Bank Mees & Hope N.V.

Stock Exchanges

Toronto and Montreal

Transfer Agents and Registrars

Patiño, N.V., The Hague
National Trust Company, Ltd.
Toronto and Montreal

Auditors

Price Waterhouse & Co.

Annual Meeting of Shareholders

26th May 1977
11:00 a.m., The Hague time
Promenade Hotel
van Stolkweg 1
The Hague, The Netherlands

Notice, Proxy and Information Circular
will be mailed under separate cover

financial highlights

(dollar figures in this report are expressed in United States currency unless otherwise stated)

For the year ended 31st December	1976 (thousands)	1975 restated
Income before extraordinary items	$ 5,499	$ 634
* per share	$ 1.32	$ 0.15
Extraordinary items	$ 12,663	$ 3,520
* per share	$ 3.04	$ 0.81
Net income	$ 18,162	$ 4,154
* per share	$ 4.36	$ 0.96
Cash flow from operations	$ 15,577	$ 5,258
* per share	$ 3.74	$ 1.22
Expenditures on fixed assets, mine development and mining properties	$ 6,659	$13,133
At the Year End		
Working capital	$ 82,677	$49,901
Shareholders' equity at book value	$103,552	$88,594
** per share	$ 25.05	$ 20.96

*Based on 4,167,486 shares (1975 — 4,310,367 shares) being the average of the number of shares issued during the year, less shares acquired by a wholly-owned subsidiary of the company.

**Based on 4,134,445 shares (1975 — 4,226,600 shares) being the number of shares issued at the year end, less shares acquired by a wholly-owned subsidiary of the company.

COVER:
This photograph is of an unusual ore sample from the Copper Rand mine showing coarse visible gold. This ore was first encountered in 1976 at the 1100-foot level.

directors' report to the shareholders

Following a poor start from an earnings standpoint, the final half of 1976 showed a good recovery in most sectors of the company's business.

Financial

A significant part of the company's consolidated assets and the major sources of revenue are primarily related to United States currency. Therefore, it was considered advisable to present the company's financial accounts in United States dollars, instead of Canadian dollars, as in the past, and the results for the current year and those of prior periods have been restated accordingly. This change will enable a more consistent presentation of the company's results. If the company had continued to report in Canadian dollars, the 1976 income before extraordinary items would have been Can. $6.166 million or Can. $1.48 per share, and after extraordinary items Can. $17.928 million or Can. $4.30 per share. Comparative 1975 results, restated to reflect historic rates of exchange for non-current assets and liabilities as referred to in note 2 on page 19 of this report, were income before extraordinary items of Can. $1.961 million (Can. $0.45 per share) and after extraordinary items Can. $5.347 million (Can. $1.24 per share).

In United States dollars, income before extraordinary items was $5.499 million or $1.32 per share and net income $18.162 million or $4.36 per share. Comparative 1975 results were $0.634 million and $4.154 million, respectively, or $0.15 and $0.96 per share.

The net cash proceeds received on 9th April 1976 from the disposal of the company's 40% equity interest in Rio Tinto Patiño, S.A. and the agreement with the French Government's agency, Bureau de Recherches Géologiques et Minières, concluded on 29th March 1976, provided $41.7 million in cash. Long term debt in the amount of $7.0 million was repaid in advance and the balance of the cash proceeds was retained in U.S. dollar short term deposits.

Interim dividends of Can. $0.25 per share were paid on 20th August 1976 and 23rd December 1976 to shareholders of record on 6th August 1976 and 13th December 1976, respectively. Dividends paid in 1975 were Can. $0.65.

The Directors of a wholly-owned subsidiary have authorized to date the purchase of Can. $4 million of the company's shares through the Stock Exchange. In 1975, the company purchased on the open market 149,400 shares of its own issue at a cost of Can. $1.9 million and in 1976, 92,155 shares were purchased at a total cost of Can. $1.3 million.

Canadian Mines
(100% Equity)

The copper price remained depressed in 1976 while inflationary pressures which were built into the Canadian economy prior to the imposition of Anti-Inflation Board regulations on 14th October 1975 persisted. A further unhealthy round of cost escalation is expected in 1977, after which it is to be hoped that inflation will moderate and a more competitive operating cost structure will emerge.

Against this background, the Canadian Mines performed well and converted 1975's loss of Can. $920,000 to a small profit.

The policy being followed at other than the Lemoine mine, given the unrealistic copper prices which have prevailed during the past year, has been to reduce mill throughput to 54% of normal and to restrict production to the Copper Rand mine, taking advantage of developed high gold content stopes. The Portage and Jaculet mines are pumped out and on standby and available to contribute to a return to full production when copper prices justify this action.

Following a period of continued improvement in production and achievement of rated capacity production in the latter months of 1976, the Lemoine mine has again experienced metallurgical problems in 1977. It is confidently expected that remedial work now under way will result shortly in a return to normal.

Companhia Estanífera do Brasil — Cesbra
(92.6% Equity)

At this time last year, the Brazilian Government's ban on domestic financing for the importation of Bolivian

concentrates had resulted in a very low level of activity in the Cesbra tin smelter. Fortunately, this regulation was rescinded in May and the smelter operated at capacity during most of the latter half of the year. The company was highly successful in increasing its market share of the domestic tin solder and alloy market.

The U.S. dollar cash price for tin increased from $3.01 per pound in December 1975 to $4.32 per pound in December 1976 and this coincided with the gradual start-up of a second small tin mine by Mineração Brasiliense — MIBRASA (50% Equity)

The effect of increased mining revenues and management's success in improving the smelter's profitability combined to earn a profit of $1.944 million.

An active exploration program is now under way and the first task will be to examine and evaluate the many property leases held by the company.

Amalgamated Metal Corporation Limited — AMC
(53.4% Equity)

With record contributions from the tin smelters and much improved investment income, the AMC Group reported profit before extraordinary items of $1.797 million and after extraordinary items $1.922 million compared with 1975's results of $1.803 million and $1.264 million, respectively.

Improvement in profit is dependent on economic recovery in the major trading nations as the minimal growth now being experienced provides limited opportunities for metal trading and steel service centre business.

Compagnie Française d' Entreprises Minières, Métallurgiques et d'Investissements S.A. — Cofremmi
(10% Equity)

Bureau de Recherches Géologiques et Minières assumed control of the project effective 12th May 1976. Since that time further metallurgical and mining studies have been undertaken with Elkem in Norway and the French company Sofrem.

Executive Changes

George Gutiérrez retired at the end of 1976 following 44 years of service with the Patiño organization worldwide; the last 19 years of which were spent with the Patiño Group in Canada. The company is very indebted to him for his outstanding record of dedicated service.

Patiño Management Services, the management company of the Patiño Group, was strengthened by the appointment of two new vice-presidents, John S. Walton who joined the group at the beginning of 1977 and who has extensive senior management and marketing experience and Alexander D. Stirling who has served the group in England and Canada in senior financial positions.

Outlook for 1977

Results so far this year are encouraging when compared with the same period last year. However, a satisfactory return on the investment in the Canadian Mines must await an increase in the copper price and improvement in AMC's results will be dependent, to an important extent, on an upswing in industrial activity in the major trading countries in the World.

While it is difficult to predict in these uncertain times, it is reasonable to expect that a further improvement in earnings will be realized in 1977.

To all the people who form the Patiño Group, our grateful thanks for your dedication and achievement.

On behalf of the Board of Directors

President and Chief Executive
The Hague, 31st March 1977

patiño mines (quebec) limited — pmq

(100% Equity)

During 1976, all PMQ production came from the Copper Rand mine, since metal prices were too low for profitable operations at the other properties. Ore supply to the mill was reduced during the first quarter because of ore pass problems and during the summer period because of a shortage of experienced miners. In the latter part of the year Copper Rand production returned to normal. As a consequence, the mill averaged 1,560 tons per calendar day, about 54% of its 2,850 ton per day rated capacity. The other properties will remain on a standby basis until metal prices increase to profitable levels.

The majority of the ore is being mined in the Hanging Wall Zone where improved ore handling facilities, using larger equipment, have been installed to increase productivity and offset rising costs.

Metal production during the year was 18,391,000 pounds of copper, 39,000 ounces of gold and 117,000 ounces of silver, compared with 13,814,000 pounds of copper, 20,000 ounces of gold and 74,000 ounces of silver during the 8 months of operation in 1975, when a strike closed the mine for the first four months of the year. The mill treated 569,000 tons in 1976 compared with 440,000 tons in the previous year. The average price received for copper was Can. 61.1¢ per pound and with the substantial increase in operating costs, a loss resulted for the year.

Development of the Copper Rand mine continued, as in the previous year, to be concentrated on the Hanging Wall Zone between the 1910 and 2700-foot levels. As a result of this development, ore reserves at the year-end were increased slightly over the previous year. Consideration is being given to deepening the Copper Rand No. 4 shaft an additional 450 feet to permit exploration and development of the Hanging Wall Zone at greater depths.

The Portage mine shaft was deepened 1,071 feet during the year providing 7 new levels for exploration and development. This mine has been kept on a standby basis. No work was carried out at the other properties.

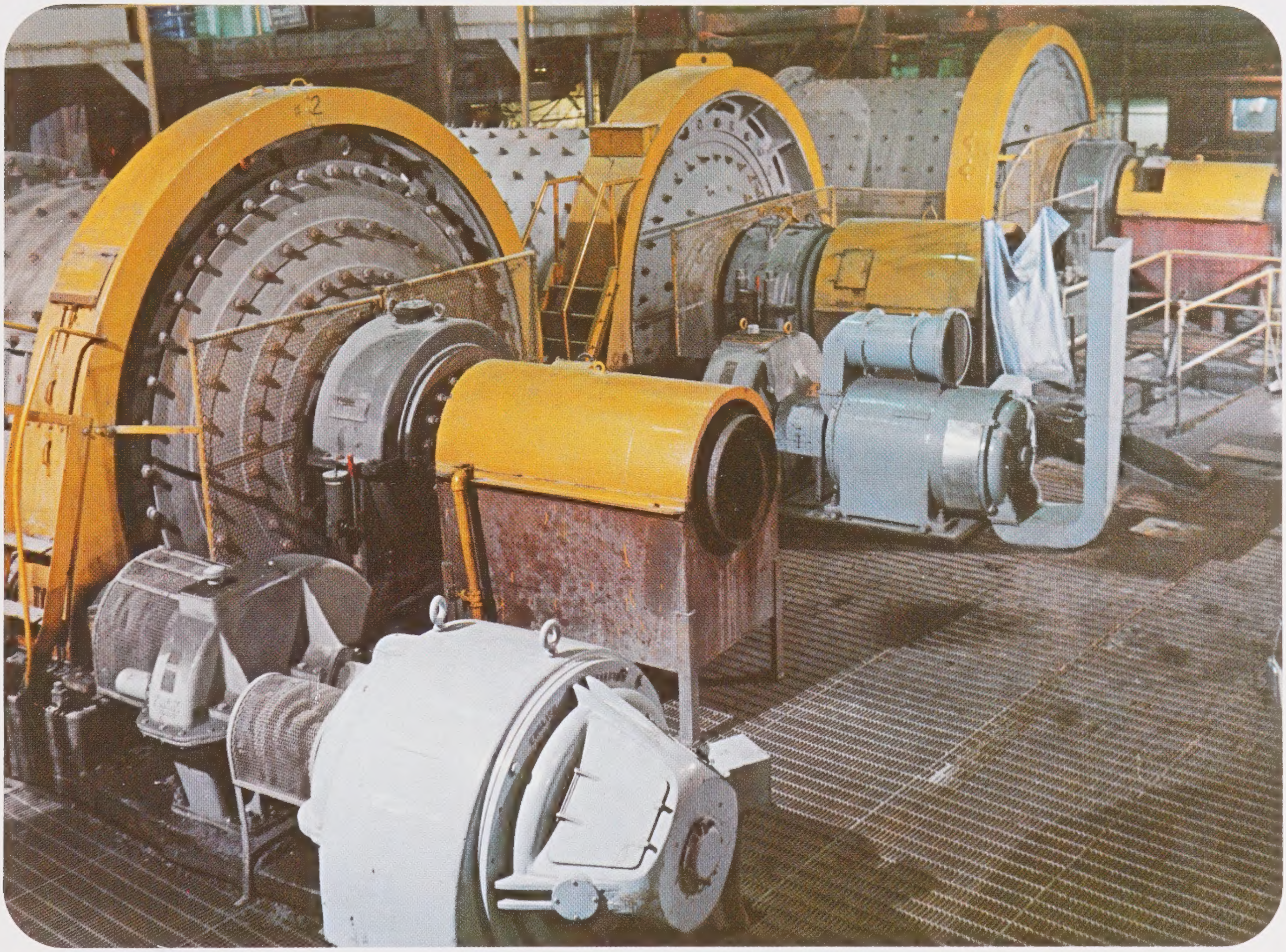
Dr. Stephen P. Ogryzlo succeeded George Gutiérrez as Chairman of the Board of the company and William G. Brissenden joined the Board. Harold E. Rudd, formerly Vice-President, Operations of PMQ, was appointed President. Colin M. Marshall, previously Vice-President, Operations of Lemoine Mines, was appointed Vice-President of the company and John H. Iglesias was appointed General Manager.

Production Statistics

	1976	1975
Copper (lbs)	18,391,000	13,814,000
Gold (ozs)	39,000	20,000
Silver (ozs)	117,000	74,000

	Short Tons Milled	% Cu	Oz Au	Short Tons Milled	% Cu	Oz Au
Copper Rand	569,000	1.72	0.092	440,000	1.67	0.057

The grinding circuit at the Copper Rand mill consisting of one 9½ × 12-foot rod mill and two 9 × 10-foot ball mills.



Ore Reserves

	31st December 1976			31st December 1975		
	Short Tons	% Cu	Oz Au	Short Tons	% Cu	Oz Au
Copper Rand to 2,850 feet	4,505,000	1.83	0.059	4,440,000	1.86	0.059
Portage to 2,550 feet	1,553,000	1.42	0.050	1,553,000	1.42	0.050
Jaculet to 1,200 feet	135,000	1.70	0.025	135,000	1.70	0.025
Kerr Addison to 1,170 feet	111,000	1.80	0.025	111,000	1.80	0.025
	6,304,000	1.73	0.055	6,239,000	1.74	0.055

Since operations began in 1960, 12,271,000 tons of ore have been milled.

lemoine mines limited

(100% Equity)

Commercial production started at the end of February after a three month tune-up period and sales of metals produced prior to that date were credited to preproduction costs. Production for the year totalled 9,274,000 pounds of copper, 16,605,000 pounds of zinc, 12,000 ounces of gold and 250,000 ounces of silver. Mining was conducted on the 770, 920 and 1070-foot levels. At the start of milling operations, considerable difficulty was experienced in achieving the planned metallurgical efficiencies and production target. These were largely overcome in the second half of the year.

Concentrate storage facilities were expanded to provide additional storage space for zinc concentrates that accumulate between shipments.

Operations yielded a small profit for the ten months.

Little exploration was conducted during the year and ore reserves were reduced by 43,000 tons to 582,000 after milling 119,000 tons.

Dr. Stephen P. Ogryzlo succeeded George Gutiérrez as Chairman of the Board of the company and William G. Brissenden joined the Board. Harold E. Rudd, formerly Vice-President, Operations of PMQ, was appointed President of the company and John H. Iglesias was appointed General Manager.

Lemoine copper flotation circuit

Production Statistics

	1976
Copper (lbs)	9,274,000
Zinc (lbs)	16,605,000
Gold (ozs)	12,000
Silver (ozs)	250,000
Short Tons Milled	119,000

Ore Reserves

	Tons	% Cu	% Zn	Oz Au	Oz Ag
1976	582,000	4.59	09.56	0.153	2.80
1975	625,000	4.50	10.80	0.138	2.70

companhia estanífera do brasil — cesbra

(92.6% Equity)

In 1976, Patiño, N.V. increased its interest in Cesbra to 92.6% from 90.8%. Operating results improved substantially with a profit after tax and before extraordinary items of $1.882 million in 1976 which compares with a loss of $0.781 million in 1975. Net income after extraordinary items was $1.944 million in 1976 as against a loss of $0.469 million in 1975. This increase results from a higher tin price, increased domestic sales of solders and alloys, closer control of costs and expenses and is after deducting exchange and currency translation losses of $0.836 million in 1976 (1975 $0.608 million).

A mandatory 100% non-interest bearing 360 day deposit on all imports was introduced in December 1975. This regulation made the importation of Bolivian cassiterite uneconomic. In May 1976 following representations from the company, the Brazilian Government exempted Bolivian cassiterite and its importation was resumed in the latter half of the year. Consequently, throughput at the company's smelter was reduced in 1976 and production, at just under 2,500 tons of tin, was 30% below that achieved in 1975.

Mineração Brasiliense (MIBRASA), a 50% owned company, produced 646 tons of tin in concentrates. This represented an increase of almost 80% compared to 1975 and is primarily the result of the start-up of a dredge at the Candeias property in addition to the continuing operation of the Santa Bárbara mine.

Dragagem Fluvial, another 50% owned company, has formed a joint venture with Mineração Tejucana to dredge for diamonds and gold in a section of the Jequitinhonha River in the State of Minas Gerais. Both companies have contributed contiguous rights on the river and Mineração Tejucana, an experienced company in this field, will operate the dredge. While there were some start-up delays, operations commenced in March 1977. Cesbra's beneficial interest in the combined operation is 25%.

Cesbra will expand its exploration activity in 1977 and the initial program will emphasize the investigation of mining properties held by the company throughout Brazil.

In 1976, the cruzeiro devalued approximately 36% in relation to the United States dollar; interest rates on normal bank borrowings more than doubled to about 50% per annum. In part due to the high costs of imported oil, Brazil's balance of payments, while improved over 1975, continued to be unfavourable. The high rate of inflation experienced in 1976 of 45% has continued into 1977, although austerity measures, already enacted by the government, are expected to reduce inflation and the deficit in the balance of payments in the latter half of this year. However, with a continuing satisfactory price for tin metal and with cassiterite supply contracts assured for the year, management looks forward to an even higher level of profitability than that reported for 1976.

Radiator production line, Bongotti, S.A. factory in Sao Paulo, Brazil, a major consumer of Cesbra's solder products.

amalgamated metal corporation limited — amc

(53.4% Equity)

In 1976 Patiño, N.V. increased its interest in AMC to 53.4% from 51.4%. Although the anticipated improvement in industrial activity during the second half of 1976 did not materialize, overall the results for the year were satisfactory. The group's profit before extraordinary items was $1.797 million ($1.803 million in 1975) and the net profit after extraordinary items was $1.922 million ($1.264 million in 1975).

1976 proved an eventful year in metal markets. Initially a continuance of the industrial recovery which had commenced at the end of 1975, coupled with continuing inflationary pressures, produced increased demand for raw materials both for consumption and for restocking and inevitably led to higher prices. Later in the year recovery slowed, the new-found optimism abated, buyers became more cautious and markets slackened. As a result, prices declined once more.

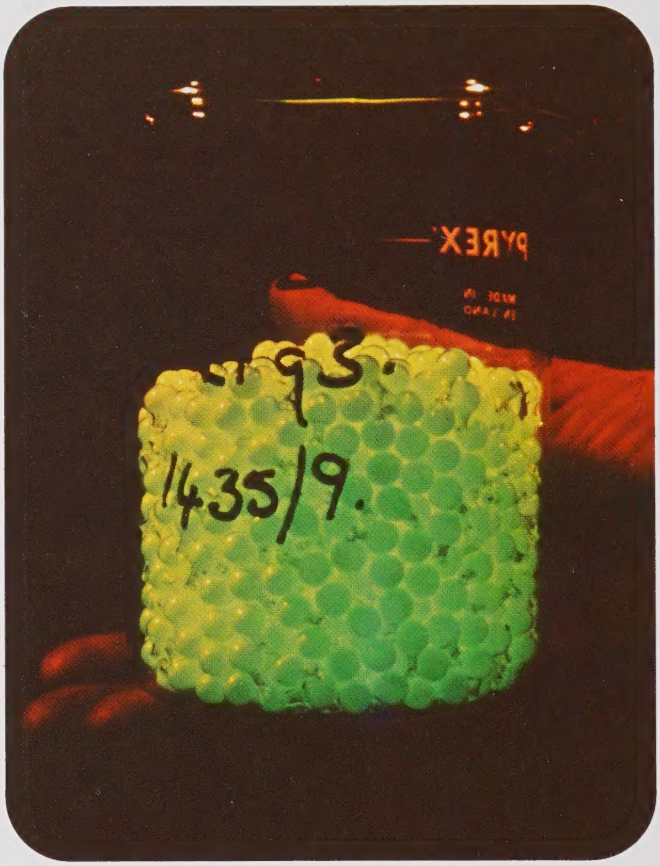
The tin smelters once again made an important contribution to profits, partly attributable to higher average tin prices. The Malaysian smelter, Datuk Keramat, which recorded record profits, also benefited from an improved market for tantalum-bearing slags. There are some pressures in Malaysia for increased local participation in industry, particularly primary industry, and provided commercially fair terms can be agreed, AMC is willing to accept some restructuring of its interest. The English smelter, Williams Harvey, continued to provide substantial earnings from its fuming operations, processing its stockpiled slags and treating Cornish and other concentrates in tin-bearing materials. Contribution to profits from present sources is expected to continue for at least three years and the longer term outlook will depend on the availability of additional suitable material.

The steel service centres in the United Kingdom and Canada suffered from the low level of economic activity which prevailed and require substantial revival in trade before former levels of profitability can be achieved.

The Physical Trading Division of AMC operates on a worldwide basis and covers a wide spectrum of metals and minerals notably Aluminium, Copper and Tin. Business in industrial metals is being expanded and the search for opportunities to further the trading activities by assisting with the development or expansion of production facilities continues.

Special mention should be made of the valuable contribution to 1976 earnings of two U.K. trading companies, Mountstar Metal Corporation which trades both internationally and domestically and William Rowland which specializes in ferro-alloys and in providing a metals supply service to manufacturing industry.

Completed high brightness spherical microlights, Brandhurst Company Limited



Amalgamated Metal Trading, a wholly-owned subsidiary operating as a Ring Dealing Member of the London Metal Exchange, enjoyed a good years' trading and much credit is due to its management and staff for the success achieved despite difficult market conditions.

Norddeutsche Affinerie, a large European copper smelter and refinery, in which AMC has a 20% interest, continues to operate profitably and efficiently. AMC disposed of its interest in Sandilands Buttery and Co. which operates as general trading merchants, shipping and insurance agents in Malaysia and Singapore and also sold its 31% interest in the Gellatly Hankey Group, a shipping, insurance and travel business, as both of these companies operate outside the main stream of its activities.

Michael F. Garner succeeded Alexander D. Stirling as Finance Director. Alexander D. Stirling retained his seat on the Board as a non-executive Director. The Chairman of the company, J. Dennis Robbins, will retire at the end of 1977 and his successor will be Sir John Saunders who joined the Board in March 1976. Dennis Robbins will retain his seat on the Board until retirement and we are deeply indebted to him for the important contribution he has made to the group.

compagnie française d'entreprises minières, métallurgiques et d'investissements s.a. — cofremmi

(10% Equity)

Aerial view of portion of Tiebaghi deposit from which 10,000-ton sample was mined for metallurgical tests

Following the acquisition of 90% of Cofremmi's shares from the company on 29th March 1976, Bureau de Recherches Géologiques et Minières (BRGM) assumed control of management of the project. The agreement was finalized on 12th May 1976 and provided that the company receive the following consideration:—

(a) a fully-paid 10% shareholding in Cofremmi with a share capital of $110 million,

(b) a cash payment of $9 million, and

(c) royalty and profit participation for a minimum amount of $7.8 million.

Further, under the terms of this agreement with BRGM, the company has the following options:—

(a) when the financing requirements have been determined, the company may elect not to participate. To the extent that its share of equity called is less than 50 million French francs ($11 million), Patiño, N.V. may convert the deficiency to royalty and profit participation, and

(b) if a foreign shareholder is invited to acquire an interest in Cofremmi, the company has the right to require that its shareholding and royalty/profit participation be acquired in priority for cash.

With respect to these options, the company agreed to participate in February 1977 in an increase in the share capital of Cofremmi which resulted from the transfer by BRGM of its Ile Art deposit to Cofremmi, in accordance with the agreement dated 29th March 1976, in exchange for 25 million French francs of paid up capital and a 15 million French franc credit to be reimbursed through royalties and profit participation. The share capital was increased from 45 million to 72.8 million French francs to enable the company to retain a 10% equity interest and which, at the contractually agreed exchange rate, translates to $10 million and $16.2 million, respectively. Therefore, the company has now subscribed for $1.62 million of its total entitlement of $11 million.

The proved ore reserves for the Tiebaghi and Poum deposits are:

		Dry metric tons	
Tiebaghi	Garnierite ore	13,300,000	2.90% Ni
	Laterite ore	12,600,000	1.20% Ni + Co.
Poum	Garnierite ore	35,000,000	2.15% Ni
	Laterite ore	41,000,000	1.34% Ni + Co.

BRGM has arranged to transfer to Cofremmi its Ile Art deposit for the considerations previously referred to. It is estimated to contain 11 million tons of garnierite ore grading 2.8% nickel plus cobalt.

Metallurgical and mining studies have been undertaken with Elkem in Norway and the French company Sofrem and the results are now being assessed.

Copper

The Copper Industry was characterized by the sharp contrast between the first and second halves of 1976. In the first six months, Western World refined copper consumption totalled 3.3 million tons, nearly 18% higher than in the same period of 1975, while in the United States alone the increase was 45%. Refined production amounted to about 3.17 million tons and after allowing for net imports from the Eastern Block, there was a deficit of about 100,000 tons. In the second half of the year, consumption rose by an estimated 7% over that of 1975 but was some 12.5% below that of the first six months.

Production increased by about 200,000 tons over the first half to 3.4 million tons resulting in a copper surplus of nearly 500,000 tons in the second half. This sharp increase in the surplus of copper during the year was reflected in volatile prices with the cash settlement price reaching £936.50 per ton in July and falling to £737.50 per ton in December.

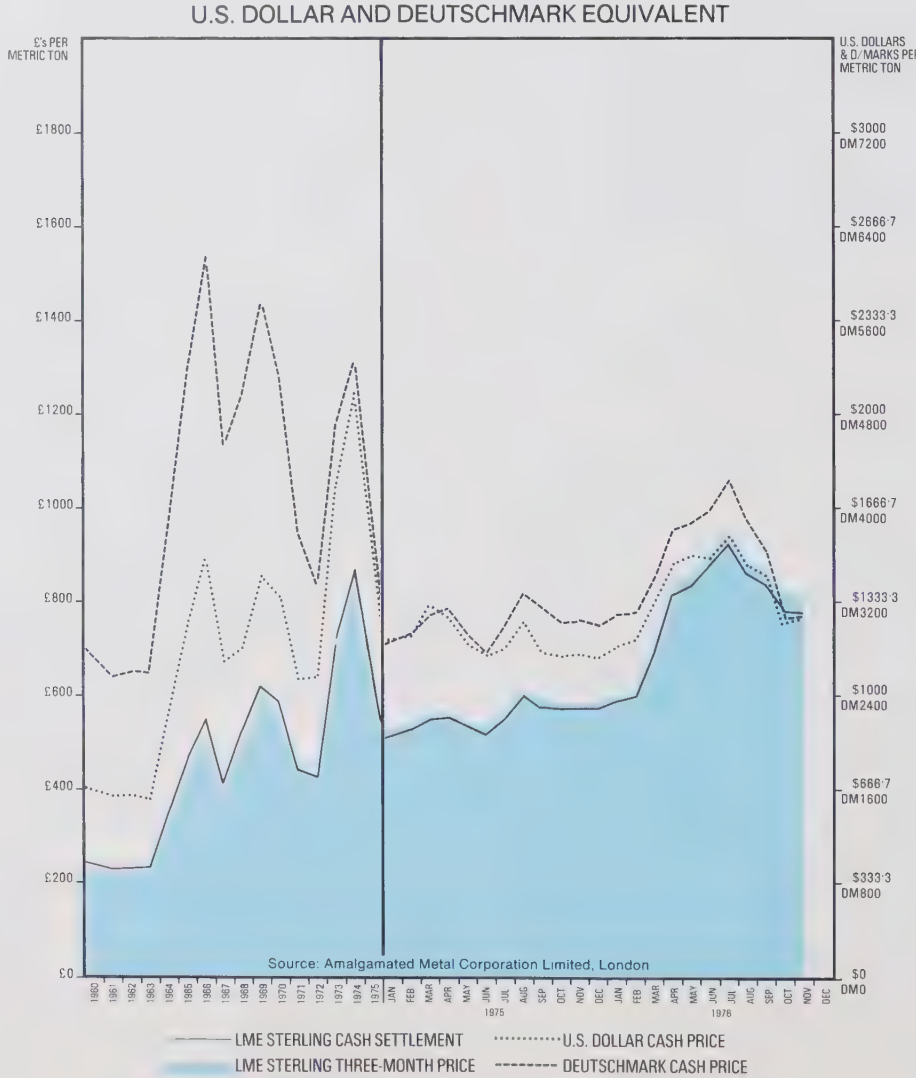
For the year, refined copper consumption increased by about 13½% to 6.24 million tons and refined production by 4.8% to 6.55 million tons, which resulted in an apparent surplus of 370,000 tons after allowing for net imports from the Eastern Block.

Present price levels remain much below those necessary to justify the economic viability of new projects.

The main factors likely to influence prices in 1977 are wage negotiations in the U.S.A., the possibility of increased tension in Central Africa and the level of demand. These should have the effect of sustaining higher prices, but some reaction might ensue if there is not a serious strike and if World trade does not strengthen.

The graph depicts the LME copper price and the U.S. dollar and Deutschmark equivalents. Since 1960 the sterling price rose by 220%, the Deutschmark price by 6% and the U.S. dollar price by 82%.

LME COPPER PRICE AND
U.S. DOLLAR AND DEUTSCHMARK EQUIVALENT



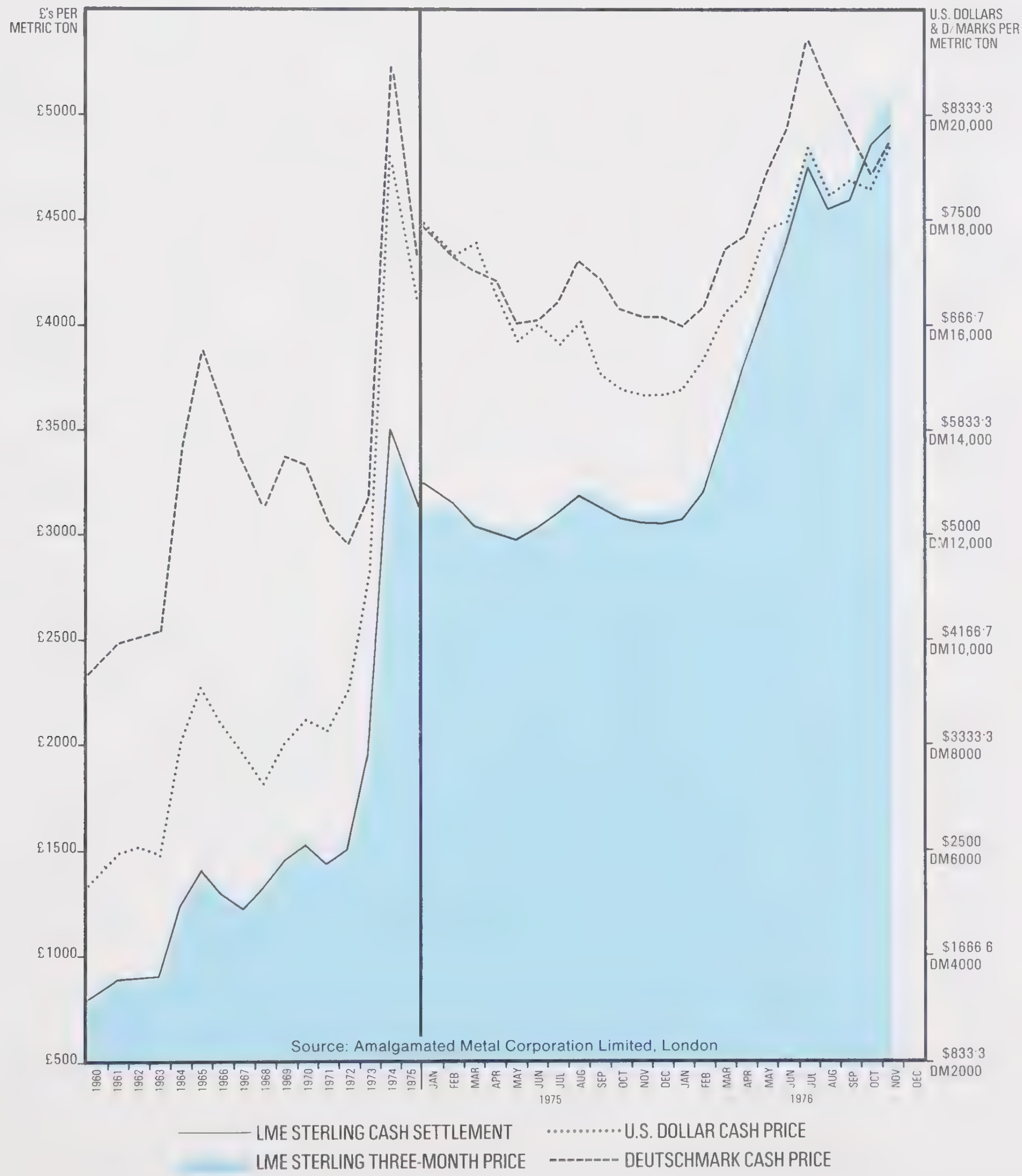
Tin

Production of both tin-in-concentrates and smelter tin rose marginally in 1976 to 177,000 tons and 178,000 tons, respectively. Tin consumption increased by 11½% to 192,000 tons due mainly to improved demand for tin plate and inventory replenishment. The Buffer Stock sold about 19,000 tons and there were additional stock sales by producers of 8,000 tons. Available supplies exceed 205,000 tons. However, in the first six months of 1977 there is likely to be a deficit of about 10,000 tons.

Bolivia's stance in withholding ratification of the Fifth Tin Agreement and whether or not Congress will approve the release of 28,000 tons of Grade "A" tin in a period of apparent shortage, are factors which will continue to make tin prices volatile. In the basic analysis, a compromise between raising the Buffer Stock ranges by some 10% and Congress authorizing the release of all or part of the 28,000 tons is likely to be reached.

The graph shows the price of tin rose by 508% in sterling, 103% in Deutschmarks and 248% in U.S. dollars since 1960.

LME TIN PRICE AND
U.S. DOLLAR AND DEUTSCHMARK EQUIVALENT



Zinc

Zinc consumption in 1976 rebounded from the depressed levels of 1975 reflecting inventory replenishment, higher automobile production and some improvement in the construction industries of the United States and Japan. Consumption of zinc rose by an estimated 15.7% to 4.02 million tons while slab production rose by 7.5% to 4.04 million tons. Mine production reached an estimated 4.5 million tons of zinc in concentrate (4.2 million recoverable) with new capacity coming on stream in Europe, Canada, Peru and Mexico.

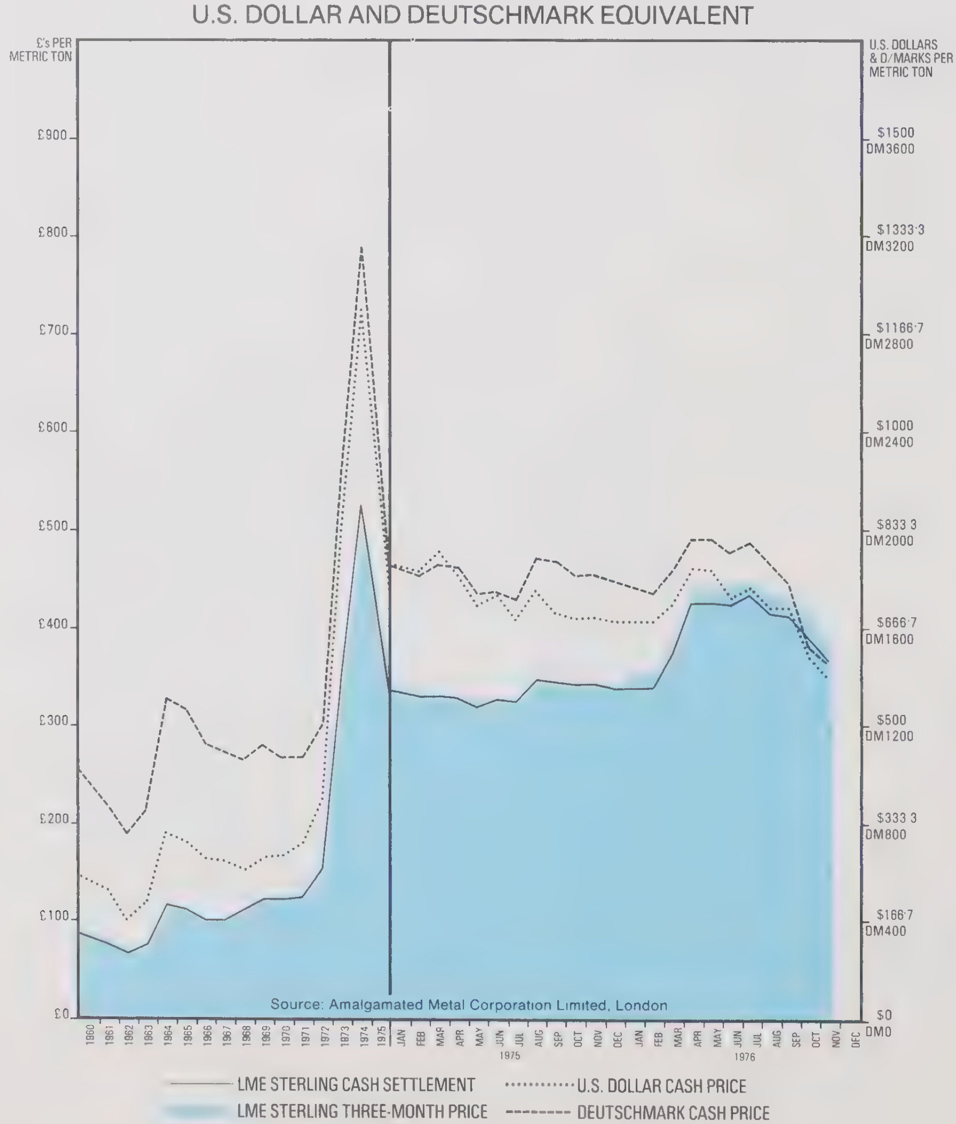
Although World inventories of zinc fell during the first half of the year, the slower economic recovery and higher smelter operating rates in the second half combined to produce a surplus for the year leading to an increase in World inventories of about 90,000 tons.

Improvement in the World construction industries, particularly in the U.S.A. and Japan should strengthen zinc demand during 1977. The level of automobile production will continue to be of paramount importance but the trend to lighter materials (plastics and aluminum) and the use of thinner-walled zinc castings will continue to make inroads into the zinc diecasting market.

A number of new mine projects are due on stream in the 1977-78 period. The most important of these will be the Tara Mine in the Republic of Ireland which is due to commence production in mid-1977. This mine, with a capacity of over 200,000 tons per annum, will become Europe's largest zinc producer.

The graph shows that the zinc price has risen by 337% in sterling, 45% in Deutschmarks and 149% in U.S. dollars since 1960.

LME ZINC PRICE AND
U.S. DOLLAR AND DEUTSCHMARK EQUIVALENT



Balance Sheet
(expressed in thousands of United States dollars)

Assets	31st December 1976	31st December 1975 restated
Current Assets		
Cash in bank	$ 54	$ 166
Marketable securities	1,251	—
Accounts receivable	50	10,957
	1,355	11,123
Investments and Advances		
Subsidiaries	102,880	48,490
Associated companies	—	20,141
Unquoted securities	—	7,746
Securities having a quoted market value	49	1,300
	102,929	77,677
Long Term Receivables	—	7,800
	$ 104,284	$ 96,600
Liabilities		
Current Liabilities		
Accounts payable	$ 305	$ 828
Taxes payable	427	178
	732	1,006
Long Term Debt	—	7,000
	732	8,006
Shareholders' Equity		
Share Capital		
Authorized 16,000,000 shares, par value Dfl. 5 per share Dfl. 80,000,000		
Issued and fully paid: 4,376,000 shares	6,229	6,229
Premium on shares issued	30,544	30,544
Retained earnings	69,977	53,679
	106,750	90,452
Less: 241,555 company shares purchased, at cost	(3,198)	(1,858)
	103,552	88,594
	$ 104,284	$ 96,600

Statement of Income (expressed in thousands of United States dollars)

		restated
Net income for the year	$ 18,162	$ 4,154

Consolidated Balance Sheet
(expressed in thousands of United States dollars)

Assets	31st December 1976	31st December 1975 restated
Current Assets		
Cash, term bank deposits	$ 62,360	$ 22,071
Marketable securities	1,541	360
Accounts receivable	78,743	94,536
Inventories	84,616	74,671
Taxes recoverable	1,006	942
	228,266	192,580
Investments and Advances		
Associated companies	4,635	23,811
Other securities	17,014	21,411
	21,649	45,222
Fixed Assets	55,503	54,980
Less: Accumulated depreciation	25,256	22,933
	30,247	32,047
Other Assets		
Mine development and mining property costs	36,055	33,147
Less: Amortization	22,333	21,077
	13,722	12,070
Long term receivables	7,800	7,808
	21,522	19,878
	$ 301,684	$ 289,727

Liabilities	31st December 1976	31st December 1975 restated
Current Liabilities		
Bank advances	$ 49,812	$ 48,895
Accounts payable and accruals	83,306	78,557
Taxes payable	8,732	13,051
Current portion of long term debt	3,739	2,176
	145,589	142,679
Long Term Debt	6,107	14,734
Deferred Taxes	7,471	5,125
Minority Interests	38,965	38,595
	198,132	201,133
Shareholders' Equity		
Share Capital		
Authorized 16,000,000 shares, par value Dfl. 5 per share Dfl. 80,000,000		
Issued and fully paid: 4,376,000 shares	6,229	6,229
Premium on shares issued	30,544	30,544
Retained earnings	69,977	53,679
	106,750	90,452
Less: 241,555 company shares purchased, at cost	(3,198)	(1,858)
	103,552	88,594
	$ 301,684	$ 289,727

Consolidated Statement of Income
(expressed in thousands of United States dollars)

	Year ended 31st December 1976	Year ended 31st December 1975 restated
Revenue		
Net sales	$ 1,917,030	$ 1,669,935
Equity income	1,008	1,790
Other income	6,761	5,478
	1,924,799	1,677,203
Costs and Expenses		
Operating costs	1,891,267	1,651,156
Amortization and depreciation	5,101	3,756
Interest expense — long term	1,212	1,368
— short term	9,594	10,256
Currency translation adjustments	1,591	2,332
	1,908,765	1,668,868
Income before taxes, minority interests and extraordinary items	16,034	8,335
Taxes — current	4,550	5,043
— deferred	2,016	(270)
	6,566	4,773
Income before minority interests and extraordinary items	9,468	3,562
Minority interests — currency translation adjustments	(551)	(751)
— other	4,520	3,679
	3,969	2,928
Income before extraordinary items	5,499	634
Extraordinary items	12,663	3,520
Net income	$ 18,162	$ 4,154
Earnings per share		
Before extraordinary items	$ 1.32	$ 0.15
After extraordinary items	$ 4.36	$ 0.98

Consolidated Statement of Retained Earnings
(expressed in thousands of United States dollars)

	Year ended 31st December 1976	Year ended 31st December 1975 restated
Balance, beginning of year	$ 53,679	$ 49,980
Goodwill adjustments	228	2,318
Net income	18,162	4,154
Dividends paid	(2,092)	(2,773)
	$ 69,977	$ 53,679

Consolidated Statement of Changes in Financial Position
(expressed in thousands of United States dollars)

	Year ended 31st December 1976	Year ended 31st December 1975 restated
Financial resources were provided by:		
Income before minority interests and extraordinary items	$ 9,468	$ 3,562
Amortization and depreciation	5,101	3,756
Deferred taxes	2,016	(270)
Equity income	(1,008)	(1,790)
	15,577	5,258
Proceeds from disposals of investments	39,345	28,969
Other extraordinary items, before minority interests	112	—
Proceeds from disposals of fixed assets and mining properties	520	1,137
Increase in long term debt	1,642	2,991
Other items	2,173	2,477
	59,369	40,832
Financial resources were used for:		
Fixed asset additions	3,912	9,613
Mine development and mining property costs	2,747	3,520
Acquisition of investments and subsidiaries	1,212	8,343
Long term debt repayment	10,269	2,648
Increase in long term receivables	—	7,800
Minority interests	3,173	1,961
Dividends paid	2,092	2,773
Purchase of company's shares	1,340	1,858
Provision for loss on disposal of subsidiaries	1,848	—
	26,593	38,516
Increase in working capital	32,776	2,316
Working capital, beginning of year	49,901	47,585
Working capital, end of year	$ 82,677	$ 49,901

Analysis of Changes in Working Capital
(expressed in thousands of United States dollars)

	Year ended 31st December 1976	Year ended 31st December 1975 restated
Increase (decrease) in current assets		
Cash, term bank deposits	$ 40,289	$ (12,203)
Marketable securities	1,181	(84)
Accounts receivable	(15,793)	(13,799)
Inventories	9,945	(21,116)
Taxes recoverable	64	942
	35,686	(46,260)
Increase (decrease) in current liabilities		
Bank advances	917	(5,470)
Accounts payable and accruals	4,749	(38,035)
Taxes payable	(4,319)	(5,217)
Current portion of long term debt	1,563	146
	2,910	(48,576)
Increase in working capital	$ 32,776	$ 2,316

Signed for approval of:

Balance Sheet
Statement of Income
Consolidated Balance Sheet
Consolidated Statement of Income
Consolidated Statement of Retained Earnings
Consolidated Statement of Changes in Financial Position
Analysis of Changes in Working Capital
Notes to Corporate and Consolidated Financial Statements

D. Azéma
M. P. Bloemsma
P. M. Haas
P. J. Keenan
S. P. Ogryzlo
G. Ortiz P.
J. Ortiz-Patiño
A. Patiño R.
J. Van der Spek

1. Accounting policies

The principal accounting policies followed by Patiño, N.V. are summarized below.

Basis of consolidation

The financial statements are prepared in accordance with generally accepted accounting principles in The Netherlands and include consolidated financial statements of the company and its subsidiaries. The consolidated statements of income and of changes in financial position include the results of subsidiaries acquired during the year from the date of purchase and include the results of subsidiaries sold during the year until the date of sale.

Translation of foreign currencies

The financial statements are expressed in United States dollars. Current assets and current liabilities in currencies other than United States dollars are translated at year end rates of exchange. Other assets and liabilities not in United States dollars are translated at historic rates of exchange.

Accounts in other than United States dollars included in the consolidated statements of income and of changes in financial position are translated into United States dollars at the exchange rates prevailing at the end of each quarter except for depreciation expense which is translated at the rates used for the fixed assets. Currency translation adjustments are shown separately in the statement of income. The comparative figures have been restated to conform with the currency translation policy adopted in 1976.

Valuation of marketable securities and inventories

Marketable securities are carried at the lower of cost or market value.

Inventories are generally stated at the lower of cost or net realizable value. However, certain metals are carried at market value or forward selling prices and supplies are carried at recent purchase cost.

Investments and advances

Associated companies, being more than 20% owned investments, are reported on the equity basis and the Patiño Group's share of the income of associated companies is shown in the consolidated statement of income as equity income.

Quoted securities are stated at the lower of cost or market value. Unquoted securities are stated at cost, less amounts written off. Income from investments is recorded when received.

Depreciation and amortization

Depreciation is provided on fixed assets using the straight line or reducing balance methods at varying rates calculated to write off the cost of the assets over their estimated remaining useful lives. Amortization of mine development and mining property costs for operating properties is provided on the basis of the relationship between production and ore reserves and is calculated to fully offset these costs at the end of the estimated economic lives of the properties.

Goodwill adjustments

The difference between the cost of investments in subsidiary and associated companies and Patiño, N.V.'s share of the underlying net assets is transferred to consolidated retained earnings at the time of acquisition.

Exploration

Exploration expenditures are deferred and subsequently written off unless they relate to projects where production is highly probable.

Taxation

The company follows the tax allocation basis of accounting with respect to all timing differences between reported income before taxes and taxable income.

Provision is made for dividend withholding taxes arising upon anticipated dividend distributions out of the Patiño Group's share of the undistributed earnings of subsidiary and associated companies.

Earnings per share

The calculation of earnings per share is based on the average number of shares outstanding (excluding shares held by a wholly-owned subsidiary company) during the year. The earnings per share would not be materially diluted if all the outstanding options were to be exercised.

2. Changes in accounting policy

Prior to 1976, Patiño, N.V. presented its consolidated financial statements in Canadian dollars.

The company's financial statements have been recorded in United States dollars and the results for the current year and those of prior periods have been restated accordingly. In addition, the company has changed it's policy of translating foreign currency non-current assets and liabilities. These balance sheet captions which were previously translated at year end exchange rates and which gave rise to deferred exchange rate fluctuations, are now translated at historic rates of exchange and prior period figures have been restated.

The changes in accounting policy have affected net income and retained earnings as follows:	Additions (deductions) for the year ended 31st December		Retained Earnings at 1st January
	1976	1975	1975
		(thousands)	
Adjustment of Canadian dollars to United States dollars	$ 234	$ (1,193)	$ (1,586)
Adjustment to historic rates of exchange in Canadian dollars	(489)	(316)	244
	$ (255)	$ (1,509)	$ (1,342)

3. Marketable securities

	31st December 1976	1975
	(thousands)	
Cost	$ 1,541	$ 360
Market value	$ 2,669	$ 360

4. Inventories

	31st December 1976	1975
	(thousands)	
Metals, finished and in process	$ 60,607	$ 53,233
Steel, chemicals and other products	21,929	19,683
Supplies	2,080	1,755
	$ 84,616	$ 74,671

5. Associated companies

Investments and advances in associated companies include $3,526,000 (1975 — $2,125,000) relating to Brazil and the AMC group's equity interest in companies in Australia and the United Kingdom of $1,109,000 (1975 — $1,545,000).

6. Other securities

	31st December 1976	1975
	(thousands)	
Unquoted securities	$ 9,249	$ 12,407
Quoted securities	7,765	9,004
	$ 17,014	$ 21,411

The market value of the quoted securities at 31st December was $7,852,000 (1975 — $9,510,000).

7. Fixed assets, at cost

	31st December 1976	1975
	(thousands)	
Freehold land and buildings	$ 13,538	$ 13,407
Leasehold land and buildings	2,470	2,904
Plant, machinery and equipment	18,695	18,135
Mine buildings and equipment	20,800	20,534
	55,503	54,980
Less: accumulated depreciation	25,256	22,933
	$ 30,247	$ 32,047

8. Assets pledged to secure borrowings

Bank advances amounting to $19,872,000 (1975 — $19,506,000) and accounts payable of $2,093,000 (1975 — $2,067,000) of certain subsidiaries are secured by assets of these subsidiaries.

9. Long term debt

	31st December 1976	1975
	(thousands)	
Long term debt represents:		
(a) 7⅞% serial debentures issued by the subsidiary Patiño Mines (Quebec) Limited, the two last instalments of which being $1,773,000 and $1,912,000, are repayable in 1978 and 1979, respectively. The debentures are secured by a first floating charge on the subsidiary company's assets and are guaranteed by the company	$ 3,685	$ 5,329
(b) Bank loan contracted by Cofremmi but transferred to the company as at 31st December 1975, bearing interest at 1% above London Interbank Borrowing Rate. The loan was fully repaid on 12th May 1976	—	7,000
(c) Secured bank loans made to AMC group companies	1,701	2,131
(d) Unsecured long term loans	721	274
	$ 6,107	$ 14,734

10. Shareholders' equity

Options to purchase 35,000 shares at Can. $25.00 per share are exercisable up to 31st December 1978.

By resolutions dated 26th February 1975, 29th October 1975 and 21st September 1976, the Directors of a wholly-owned subsidiary authorized purchases, to a total of Can. $4,000,000, of the company's shares through the stock markets.

At 31st December 1976, 241,555 shares (1975 — 149,400 shares) had been purchased by a wholly-owned subsidiary at a total cost of $3,198,000 (1975 — $1,858,000).

11. Contingent liabilities

A wholly-owned subsidiary of the company has been named in a court action initiated by the Cree Indians against the majority of the resource companies in North-Western Quebec for alleged mercury contamination. As part of this action, damages of Can. $1,540,000 are being claimed against this subsidiary, jointly and severally with other companies in the area. In the same action, the Cree Indians are questioning the validity of the mining rights

granted to the companies by the Province of Quebec. The company believes that it has a substantive defense and is confident that the actions will not succeed.

Officials of Revenue Canada are questioning the tax treatment of losses on commodity futures transactions in 1973 and 1974 incurred by a wholly-owned subsidiary company. The potential liability for federal and provincial income taxes approximates Can. $1,100,000. The subsidiary has made representations to Revenue Canada in support of its position, which it considers to be fully justified. The company's professional advisors agree that the subsidiary has good arguments to support its case and the re-assessments will be contested. Accordingly, no provision has been made in the accounts for any possible additional income tax.

A subsidiary company has contingent liabilities at 31st December amounting to $2,152,000.

12. Net sales

	1976	1975
	(thousands)	
Merchanting in metals and ores	$ 1,442,711	$ 1,263,037
Tin smelting	356,566	308,330
Steel merchanting and fabricating	49,392	41,726
Sales of mineral production	25,045	11,152
Other activities	43,316	45,690
	$ 1,917,030	$ 1,669,935

13. Other income

	1976	1975
	(thousands)	
Interest income	$ 4,922	$ 2,962
Income from other securities	1,839	2,516
	$ 6,761	$ 5,478

14. Amortization and depreciation

	1976	1975
	(thousands)	
Amortization of mine development and mining property costs	$ 1,141	$ 929
Depreciation	3,960	2,827
	$ 5,101	$ 3,756

15. Remuneration of Directors and senior officers of Patiño, N.V.

There were ten Directors who received in 1976 direct remuneration of $609,000. Directors and senior officers of the company as defined by the Ontario Securities Act, received in 1976 total direct remuneration of $675,000.

16. Extraordinary items

	1976	1975
	(thousands)	
Gains on disposals of investments and subsidiaries	$ 13,815	$ 4,399
Provision for losses on disposals of subsidiaries	(986)	—
Provision for losses on sales of other securities	—	(879)
Write down of carrying value of investments	(270)	—
Utilization of tax losses carried forward	104	—
	$ 12,663	$ 3,520

Amounts are reported net of applicable taxation and minority interests.

17. Goodwill adjustments

	1976	1975
	(thousands)	
AMC group	$ 111	$ 918
Cesbra group	117	1,496
Rio Tinto Patiño, S.A.	—	(96)
	$ 228	$ 2,318

18. Appropriation of profit

In accordance with Article 15 of the company's statutes the Directors declared interim dividends for the year ended 31st December 1976 totalling Can. $0.50 per share. The Directors do not propose any further dividend for the year ended 31st December 1976.

19. Subsequent event

In March 1977, a wholly-owned subsidiary adopted a pension plan for executive employees. A payment not exceeding $720,000 in the aggregate may be made in 1977 to provide for past service benefits due under this plan.

Auditors' Report

We have examined the financial statements set out on pages 13 to 21 inclusive of Patiño, N.V. The financial statements of certain subsidiaries were examined by other auditors whose reports thereon were furnished to us. Based on our examination and the work of other auditors, we are of the opinion that, the accompanying financial statements present fairly the amount and composition of the equity of the company at 31st December 1976 and of the results and changes in financial position for the year then ended.

The Hague
31st March 1977

Price Waterhouse & Co.*

*Signatory authorized under The Netherlands Civil Code, Book 2.

five year consolidated summary

(expressed in thousands of United States dollars)

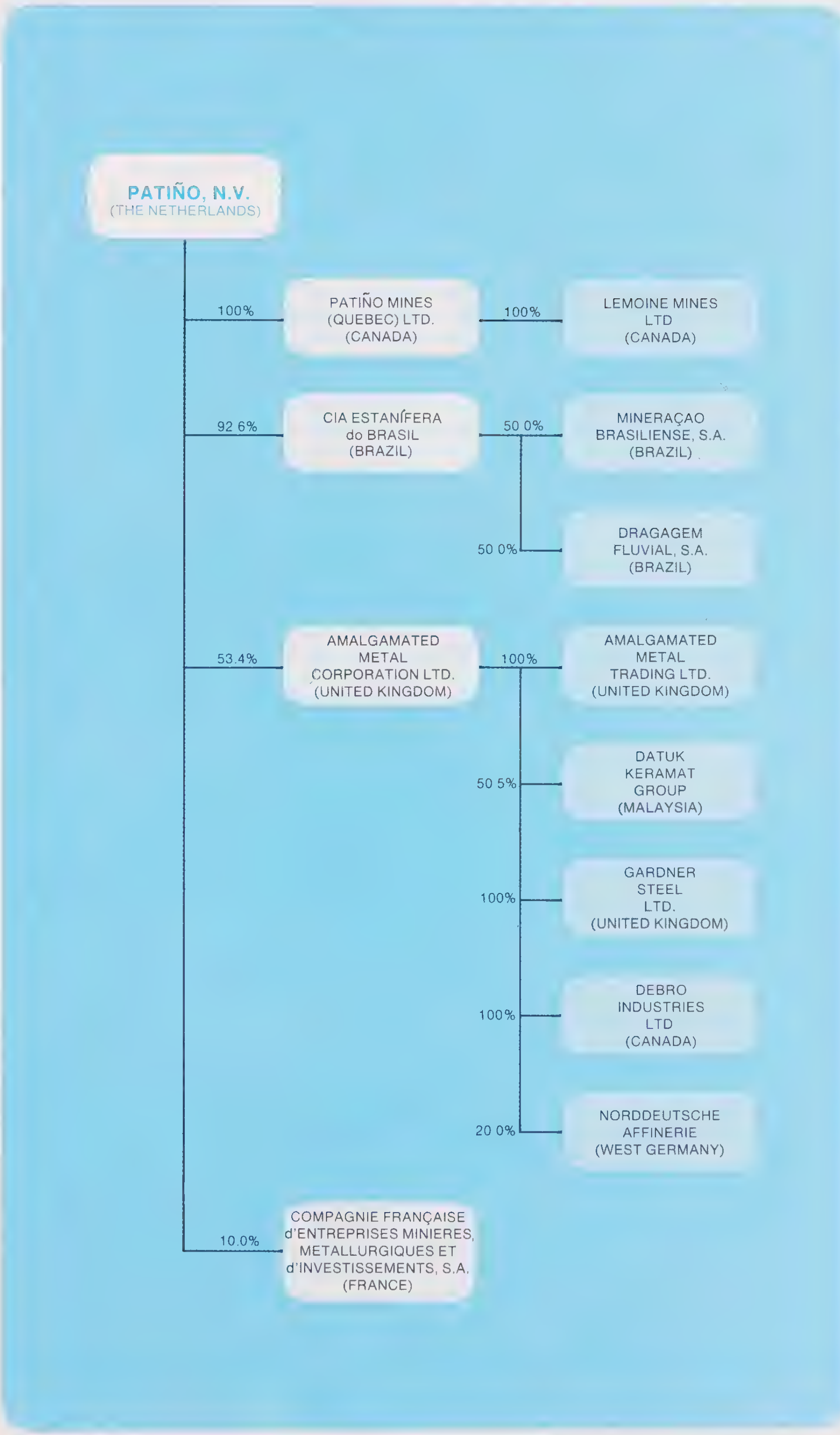
For the year	1976	1975 restated	1974 restated	1973 restated	1972 restated
Revenue					
Merchanting in metals and ores	$1,442,711	$1,263,037	$1,300,983	$ 713,790	$ 414,323
Tin smelting	356,886	308,739	350,002	155,028	132,974
Steel merchanting and fabricating	49,392	41,726	67,049	46,200	25,936
Sales of mineral production	25,910	12,595	37,239	27,109	19,136
Other activities	49,900	51,106	65,062	20,699	34,235
Total	$1,924,799	$1,677,203	$1,820,335	$ 962,826	$ 626,604
Income before taxes, minority interests and extraordinary items					
Merchanting in metals and ores	$ 3,113	$ 2,205	$ 13,405	$ 2,789	$ (597)
Tin smelting	8,587	6,193	6,765	4,088	3,529
Steel merchanting and fabricating	(261)	(427)	4,460	3,526	831
Sales of mineral production	1,165	492	16,429	9,438	1,718
Other activities	3,430	(128)	3,407	2,475	8,663
	16,034	8,335	44,466	22,316	14,144
Taxes	6,566	4,773	17,721	8,088	4,194
Minority interests	3,969	2,928	9,307	4,519	5,362
Income before extraordinary items	5,499	634	17,438	9,709	4,588
Extraordinary items	12,663	3,520	927	869	(6,304)
Net income (loss)	18,162	4,154	18,365	10,578	(1,716)
* *per share*	4.36	0.96	4.20	2.42	(0.39)
Dividends paid	2,092	2,773	1,767	—	—
per share	0.50	0.65	0.40	—	—
At the year end					
Working capital	82,677	49,901	47,585	36,731	25,857
Investments	21,649	45,222	40,003	42,966	48,788
Fixed assets, net	30,247	32,047	28,786	21,362	19,372
Other assets	21,522	19,878	30,771	27,361	26,894
Long term debt	6,107	14,734	14,719	11,363	12,500
Deferred taxes	7,471	5,125	5,185	4,240	3,737
Minority interests	38,965	38,595	40,488	37,116	40,672
Shareholders' equity at book value	$ 103,552	$ 88,594	$ 86,753	$ 75,701	$ 64,002
** *per share*	25.05	20.96	19.82	17.30	14.64
Shares issued at end of year	4,376,000	4,376,000	4,376,000	4,376,000	4,371,500
Shares acquired of own issue	241,555	149,400	—	—	—

* Based on 4,167,486 shares (1975 — 4,310,367 shares) being the average of the number of shares issued during the year, less shares acquired by a wholly-owned subsidiary of the company.

** Based on 4,134,445 shares (1975 — 4,226,600 shares) being the number of shares issued at the year end, less shares acquired by a wholly-owned subsidiary of the company.

The above summary does not include any increases in the value of the group's ore reserves, development projects or holdings in land and buildings.

group structure



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Patiño Mines (Quebec) Ltd./Lemoine Mines Ltd.

Directors and Officers

Stephen P. Ogryzlo, *Chairman of the Board, Director*
Harold E. Rudd, *President and Chief Executive, Director*
William G. Brissenden, *Director*
L. Yves Fortier, Q.C., *Director*
Patrick J. Keenan, C.A., *Director*
Jaime Ortiz-Patiño, *Director*
Sidney H. Robinson, Q.C., *Director*

Colin M. Marshall, *Vice-President, Mining*
John H. Iglesias, *General Manager*
Donald H. Mather, *Secretary-Treasurer*

Companhia Estanifera do Brasil S.A.

Directors and Officers

Raymond R. Jackson, C.A., *President, Director*
Fausto M. Basto, *Finance Director*
Samuel A. Hanan, *Technical Director*

Amalgamated Metal Corporation Ltd.

Directors and Officers

Antenor Patiño R., *Honorary President, Director*
J. Dennis Robbins, O.B.E., T.D., *Chairman, Director*
Jaime Ortiz-Patiño, *Deputy Chairman, Director*
Peter A. Neuman, *Chief Executive, Director*
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Walter Gleich, *Director*
Paul Hofmeister, *Director*
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David R. Mitchell, *Director*
George Ortiz P., *Director*
Sir John Saunders, C.B.E., D.S.O., M.C., *Director*
Alexander D. Stirling, C.A., *Director*
Anthony M. R. Sylvester, *Director*

Peter J. Norton, F.C.I.S., *Secretary*
Robert H. H. Newman, *Treasurer*

Compagnie Française d'Entreprises Minières, Métallurgiques et d'Investissements S.A.

Directors and Officers

René Michel, *President and Chief Executive, Director*
Pierre Boisson, *Director*
Paul Bourrelier, *Director*
Patrick Keenan, C.A., *Director*
Francis Langlois, *Director*
Jean Lespine, *Director*
Yves Perrin, *Director*
Georges Perrineau, *Director*

patiño, n.v.

Printed in Canada.

Patiño, N.V. and Subsidiaries

Consolidated Balance Sheet
(Unaudited — in thousands of Canadian dollars)

Audited 31st Dec. 1975		30th June 1976
	Assets	
$ 22,826	Cash, short term investments	$ 71,703
96,589	Accounts receivable	87,326
76,278	Inventories	108,461
195,693		267,490
48,471	Investments	22,852
43,738	Net property, plant and mine development	41,582
7,929	Long term receivables	7,555
$295,831		$339,479
	Liabilities and Shareholders' Equity	
$144,851	Current liabilities	$186,937
5,078	Deferred income taxes	4,810
14,859	Long term debt, less current installments	7,869
1,296	Deferred exchange rate fluctuations	—
38,291	Minority interests in subsidiaries	37,099
93,346	Shareholders' equity	105,369
(1,890)	Less: 200,400 Company shares purchased, at cost (149,400 shares in 1975)	(2,605)
$295,831		$339,479

Patiño, and Subsidiaries

Consolidated Statement of Changes in Financial Position
(Unaudited — in thousands of Canadian dollars)

Audited for year 1975		Six Months Ended 30th June 1976	1975
	Source of Funds		
$ 6,355	Income before minority interests and extraordinary items	$ 2,711	$ 4,124
3,725	Amortization and depreciation	2,090	1,577
(220)	Deferred taxes on income	(32)	192
(2,163)	Equity income	(444)	(1,062)
7,697		4,325	4,831
32,922	Proceeds from disposals of investments	39,603	567
1,147	Proceeds from disposals of fixed assets and mining properties	247	—
2,959	Increases in long term debt	740	2,352
1,449	Other items	(1,908)	99
46,174		43,007	7,849
	Application of Funds		
13,308	Additions to property, plant and mine development	2,751	4,118
12,035	Acquisition of investments and subsidiaries	182	534
2,551	Long term debt repayment	7,152	20
7,921	Increase in long term receivables	—	—
1,999	Minority interests	2,496	1,326
2,819	Dividends paid	—	2,176
1,890	Purchase of Company's shares	715	719
42,523		13,296	8,893
3,651	Increase (decrease) in working capital	29,711	(1,044)
47,191	Working capital, beginning of year	50,842	47,191
$50,842	Working capital, end of period	$80,553	$46,147

File

PATIÑO, N.V

Second Quarter Report
30th June 1976

Second Quarter Results

Net income in the second quarter was $920,000 or $0.23 per share compared with $375,000 or $0.09 per share in the same period a year ago.

While Amalgamated Metal Corporation's earnings in sterling were ahead of last year's, its contribution to Group net income was reduced by the decline in the value of the pound. Our Brazilian interests are now profitable.

The Canadian mining operations suffered a small loss due to higher operating costs, a shortage of experienced miners and problems resulting from the Copper Rand ore pass system.

Six Months' Results

Income before extraordinary items for the six months was $270,000 or $0.07 per share and after extraordinary items $12,087,000 or $2.87 per share. The extraordinary items in the current year consist mainly of the gain on sale of the Company's 40% interest in Rio Tinto Patiño, S.A. Corresponding 1975 net income was $1,784,000 or $0.41 per share.

Unfavourable currency translation adjustments were $904,000 in the first half of 1976 due to the decline in the value of the pound sterling and Brazilian cruzeiro.

Purchase of Shares

The Directors have authorized the purchase of $3 million of the Company's shares through the stock market. As at 30th June 1976, 200,400 shares had been purchased at a total cost of $2.6 million and such shares are being held by a wholly-owned subsidiary.

Dividend

The Board of Directors declared a dividend of $0.25 per share payable on 20th August 1976 to shareholders of record 6th August 1976.

On behalf of the Board of Directors

President and Chief Executive

The Hague, 11th August 1976

Patiño, N.V. and Subsidiaries

Consolidated Statement of Income
(Unaudited — in thousands of Canadian dollars)

Audited for year 1975		Three months ended 30th June 1976	Three months ended 30th June 1975	Six months ended 30th June 1976	Six months ended 30th June 1975
	Revenue				
$1,696,345	Net sales	$464,179	$398,304	$840,540	$761,883
2,163	Equity income	261	361	444	1,062
5,531	Other income	2,549	1,266	3,972	4,357
1,704,039		466,989	399,931	844,956	767,302
	Costs and Expenses				
1,677,288	Operating costs	459,464	395,826	832,820	754,800
3,725	Amortization and depreciation	1,188	685	2,090	1,577
11,699	Interest expense	2,295	1,825	4,432	3,957
62	Currency translation adjustments	518	(966)	904	(317)
1,692,774		463,465	397,370	840,246	760,017
11,265	Income before taxes, minority interests and extraordinary items	3,524	2,561	4,710	7,285
4,910	Taxes on income	1,007	861	1,999	3,161
6,355	Income before minority interests and extraordinary items	2,517	1,700	2,711	4,124
4,218	Minority interests	1,551	1,376	2,441	2,391
2,137	Income before extraordinary items	966	324	270	1,733
3,526	Extraordinary items	(46)	51	11,817	51
$ 5,663	Net income	$ 920	$ 375	$ 12,087	$ 1,784
	Earnings per share				
$ 0.50	Before extraordinary items	$ 0.23	$ 0.08	$ 0.07	$ 0.40
$ 1.31	After extraordinary items	$ 0.23	$ 0.09	$ 2.87	$ 0.41